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SUBJECT: THESSALONIKI JEWISH COMMUNITY RESTITUTION CLAIM STALLED BY
GOVERNMENT LAND EXCHANGE SCANDAL

REF: A. THESSALONIKI 81; B. 07 THESSALONIKI 060; C. ATHENS 972

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11. (SBU) Summary: The Jewish community of Thessaloniki remains frustrated by the lack of progress made by the Greek Government on its 2006 promise to compensate the community for Jewish cemetery land confiscated by the GoG during WWII. The government has repeatedly reassured the Jewish community it wants to reach an out of court settlement, but negotiations have been slow and frequently interrupted by political developments, most recently a sensational scandal involving land swaps between the GoG and an Orthodox Monastery (Ref A). Since 2006, the GoG and community have been discussing a compensation deal involving the transfer of land from the government to the community, but the recent scandal has made any transaction involving government land politically sensitive. Meanwhile, the Jewish community remains resigned to the construction of the new subway along the border of the old Jewish Cemetery, including excavation at the site of the future University metro stop, which appears to be inside the boundary of the old cemetery. Jewish community leaders say they are satisfied with arrangements under which the archaeological directorate monitors all excavations, analyzes any graves found and transfers remains to appropriate religious authorities. Mission Greece will continue to urge GoG to reach a compensation settlement as soon as possible. End Summary.

GOG 2006 PROMISE TO COMPENSATE JEWISH COMMUNITY STILL PENDING

12. (SBU) Jewish community of Thessaloniki president David Saltiel told post December 13 that negotiations with the GoG to settle a longstanding restitution claim had reached another impasse (Ref B). The committee appointed by the Ministry of Finance in early 2008 to devise a settlement has met only three times, the last time in August, and its chairperson resigned shortly thereafter. The committee has so far discussed only procedural issues. The newly appointed chairperson declined Saltiel's requests to convene a meeting in September and October and hinted to Saltiel he will soon resign. Ministry of Finance Secretary General Sidiropoulos, who had assured Ambassador Kennedy in June that the committee would soon begin meeting under his supervision (Ref C), told Emboff on November 21 that the new chairperson would call a meeting in the "next few weeks" and finalize its conclusions "in the next month." He also noted for Emboff that with the current GOG/orthodox monastery scandal under Parliamentary review, it was a very sensitive time, but the Minister was still committed to honoring his promise to the Embassy. (Note: The land in question is a 50,000 square meter portion of the old cemetery owned by the community before the cemetery was destroyed and the land confiscated in 1944. The GoG built the University of Thessaloniki, Greece's largest university on top of the land. The community estimates the value of the land to be at least Euros 50 million. The community filed a claim against the University in 1961, but it

was not until 1998 that the Court of First Instance of Thessaloniki acted on it, ordering an "expert assessment" of the claim. The assessment, submitted in October 2005, concluded that the University indeed occupies land owned by the community.

In January 2006, Minister of Finance Alogoskoufis told the U.S. Ambassador to Greece he and PM Karamanlis were committed to negotiating an out of court settlement "soon." End note.)

13. (SBU) Saltiel believes the latest delay in the committee's work is partly attributable to fallout from the Orthodox monastery/GoG land swap scandal. (Comment: general inertia and bureaucracy have also hindered progress. End comment) Ministry of Finance officials told Saltiel in 2007 the GoG would prefer a land exchange settlement, but because of the scandal, no government official wants to have anything to do with land deals, regardless of how legitimate they may be. Saltiel believes this is the reason the chair of the committee is trying to resign and there is no pressure from the Ministry of Finance to reach a conclusion. While not optimistic, Saltiel says he will continue pressing the government to keep its promise. He underscored that the community is willing to show maximum flexibility in negotiations, and that the main goal is to gain an explicit acknowledgement by the Greek state that it did an injustice to the city's Jews when it confiscated and erected University buildings on cemetery land. For that reason, in parallel Saltiel is urging University authorities to erect a plaque or similar permanent memorial on campus to the cemetery and victims of the Holocaust. Post has repeatedly raised this issue with University Rector Manthos, who has promised to erect a monument, but only after a thorough "study" of the relevant history. He refuses to give an estimated date, and told us our suggested target of January 25, when Thessaloniki observes its annual Holocaust memorial, is unlikely.

COMMUNITY RESIGNED TO EXCAVATION ON OLD CEMETERY LAND

14. (SBU) The leaders of the Jewish Community of Thessaloniki (JCT) have reluctantly accepted that limited excavation within

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the boundaries of the old cemetery in connection with the new subway is unavoidable. Excavation within the old cemetery appears limited to the area of the future University subway stop, just inside the western border of the old cemetery. Utility trenches and other shallow digging begun in February 2008 have been supplemented with deeper (over 5 meters) and wider excavation in recent months for the underground portion of the subway stop. Saltiel and Thessaloniki Rabbi Shitrit have expressed dismay to GoG authorities over the excavation but have not tried to block it, since such an effort would be impractical and highly unpopular with the majority of residents. Saltiel reaffirmed he is satisfied with arrangements agreed with the Ministry of Culture Archaeological Authority and other officials to protect any graves or remains found during construction. The Archaeological Authority has not yet informed the community of any remains found at the University stop site. The digging of the subway tunnel 17 meters below street level is scheduled to begin this month, about 4 kilometers west of the University stop. Tunneling will not reach the University area for several months at the earliest.

GETTING GREECE TO DO THE RIGHT THING

15. (SBU) COMMENT: The GoG has never considered the restitution case a matter of great urgency, and a series of scandals, economic difficulties and assorted crises over the past year have pushed the case even further down the list of GoG priorities. Mission Greece will continue to urge a near term settlement, and tangible progress (e.g. formation of a committee under supervision of a senior GoG official, commencement of negotiations, adoption of a timeline, etc.), before the annual Holocaust Memorial events in Thessaloniki on January 25. Fallout from the Vatopedi land swap scandal may require negotiators to consider a cash settlement instead of a land exchange as the basis for compensation. A fair settlement would go a long way towards healing old wounds, combating

lingering anti-Semitism, and fending off accusations from the U.S. and elsewhere of GoG insensitivity to non-Orthodox Christian religions.

YEE